

Proposal Title	Ukraine Gas Reform Project
Applicant	International Renaissance Foundation
Reserve Fund	President's/Chairman's
Amount Requested	\$2,832,994.84
Background (Optional)	Naftogaz is the driving force behind Ukraine's gas sector reform. The reform implements the EU 3rd Energy Package in Ukraine and opens the market for international investment. Other strategic goals of Naftogaz reform include ensuring security of gas supply, the diversification of Ukraine's sources of gas imports, integration with the EU, improving operational efficiency of the group and bringing international investment in various segments of the group's operations.
Risks (Optional)	The risks to this project are related to the level of political will within the government to pursue the reform of Naftogaz.
Unforeseen Need (250 words)	Ukraine's commitments under the Energy Community Treaty and so-called "3rd Energy Package" of EU require reform of Ukraine's gas sector. Reform of Naftogaz is one of the key components of the gas sector reform. At the initiative of Georges Soros IRF contracted McKinsey & Company Ukraine to provide high-level consulting and develop necessary recommendations for the reform of Naftogaz.
Activities Proposed (500 words)	IRF contracted McKinsey & Company Ukraine to provide consulting services to the National Joint Stock Company Naftogaz of Ukraine regarding the following: <ul style="list-style-type: none"> - options for the design of public service obligations and subsidy delivery; - opportunities for improvement in energy efficiency (EE), and concrete implementation plan for 1 high-impact measure; - business case for the integration into EU of Ukraine's gas system; - opportunities for domestic gas production increase; - options for unbundling and improvement of corporate governance of Naftogaz; - integrated perspective on gas reform implementation and alignment of key stakeholders; - delivery of subsidies to eligible households of Ukraine in

	2015; - set up of a National Energy Efficiency Program in Ukraine.
Summary for Board Reports (100 words)	The project will support development of recommendations for reform of National Joint Stock Company Naftogaz of Ukraine by McKinsey & Company Ukraine
Collaborating Programs within OSF and essential partners or grantees	The project partners will include McKinsey & Company Ukraine and the National Joint Stock Company Naftogaz of Ukraine
Contributions expected from Collaborating Programs (250 words)	
Statement of who within OSF would guide the work	Yevhen Bystrytsky, IRF Executive Director Oleksandr Sushko, Chairman of the IRF Board

Allocator <i>(See list on Reserve Funds KARL)</i>	Name	Leonard Benardo, Regional Director, Eurasia
	Date Approved	December 1, 2015
Allocator Notes / Comments <i>(To be completed by <u>allocator only</u>)</i>	<i>(Notes/Comments - Optional field)</i>	
	<i>(Criteria checklist)</i> <input type="checkbox"/> Is this an <u>unforeseen</u> opportunity or a genuinely new idea to advance core open society commitments? <input type="checkbox"/> Is the need time-sensitive? <input type="checkbox"/> Are we proposing to do something that others are not doing? <input type="checkbox"/> Is the plan compelling? <input type="checkbox"/> Does the planned activity take good advantage of OSF capacity? <input type="checkbox"/> Is the team leading the work up to the task?	
Urgency level for grant approval &	<input checked="" type="checkbox"/> Not Rapid Response	<input type="checkbox"/> Rapid Response <i>(See procedure on KARL)</i>

payments		
If approved, where to allocate the budget? <i>(If the budget is split between multiple programs, please copy/paste this section as needed.)</i>	Amount	\$2,832,994.84
	Category of Work	CUA004
	Division/Program Code	80000
	Entity <i>(i.e., FPOS, ZUG)</i>	ZUG
	Fund Class <i>(i.e., Lobbying/Non-Lobbying)</i>	Lobbying
	Geography <i>(of benefit)</i>	UKRF